



Ted R. Fellman, Executive Director
Tennessee Housing Development Agency
404 James Robertson Parkway, Suite 1114
Nashville, Tennessee 37243-0900
www.tennessee.gov/thda

How Can Banks Partner with THDA?

Tennessee Housing Trust Fund:

THDA administers the trust fund by providing grant funds to local entities serving the housing needs of very low income, elderly and special needs Tennesseans.

Bank's Role:

- Provide contributions/grants to the Housing Trust Fund
- Provide local match in the form of loans/grants to the local entities

Incentives for Bank:

- Community Investment Tax Credit (CITC) – see below for more details
- Qualifies as a charitable contribution for federal tax purposes
- Community Reinvestment (CRA) credit (check with CRA Officer)
- Marketing opportunity in local communities
- Opportunity to participate in financing for local entities

Single Family Mortgage Program

THDA works with lenders to offer below market-rate homeownership choices for low to moderate income first time home-buyers. These choices include below market rates and down payment assistance.

Bank's Role:

- Become an originating agent (OA) for THDA
- Include THDA reference in mortgage materials
- Underwrite loans according to THDA guidelines
- Sell conforming loans to THDA

Incentives for Bank:

- Community Reinvestment Credit (CRA) for selling loans to THDA.
- Borrowers save money on first mortgage ... banks earn repeat customers.

Mortgage Revenue Bonds:

THDA sells tax-exempt mortgage revenue bonds in the private market to raise capital to finance the mortgage loan program. In 2006 THDA sold \$300 million in mortgage revenue bonds.

Bank's Role:

- Sell bonds as part of THDA's underwriting team or selling group
- Buy THDA bonds for the bank's investment portfolio or encourage bank clients to invest
- Provide financing mechanisms for THDA to invest bond proceeds until needed for mortgage funds

Incentives for Bank:

- Access to tax-exempt investments for clients
- Solid investment for bank's portfolio
- CRA Credit (check with CRA Officer)
- Revenue source for the bank

Community Investment Tax Credit (CITC):

Financial institutions may obtain a credit against the sum total of taxes imposed by the Franchise and Excise Tax Laws when qualified loans, qualified investments, grants or contributions are extended to eligible housing entities for engaging in eligible low income housing activities.

Bank's Role:

Make qualified loans, investments, grants or contributions to THDA, Public Housing Authorities, Development Districts or Not for Profit organizations.

Incentives for Bank:

Credit against the bank's Franchise & Excise tax liability in Tennessee
Marketing opportunity in local communities

Homebuyer Education Initiative (HBEI):

THDA encourages every potential homebuyer to participate in some form of homebuyer education. This is required for some of THDA's mortgage products. THDA conducts training at least once each year to certify new trainers, and in addition conducts peer review sessions that serve as refresher courses for existing certified trainers.

Bank's Role:

Partner with a local homebuyer education counselor – provide technical expertise for the training
Sponsor THDA training and peer review sessions

Incentives for Bank:

Community Investment Tax Credit
Partnerships with Non-profits could result in referral business
Marketing opportunity in local communities

Low Income Housing Tax Credits (LIHTC):

THDA administers this federal program, which provides credit against federal income tax liability each year for 10 years for owners and investors in low-income rental housing. This program is a major contributor to new construction of affordable rental housing units across Tennessee each year.

Bank's Role:

Provide attractive financing to local developers working on tax credit deals
Purchase tax credits as a syndicator

Incentives for Bank:

CRA Credit for buying credits (check with CRA Officer)
Credit against federal income taxes

THDA Board of Directors (and Advisory Boards)

The Tennessee Housing Development Agency has a 19 member Board of Directors. This is a volunteer, non-compensated board. Advisory committees (still in development) are industry specific groups formed to advise THDA staff on specific programs (ex: Single Family Mortgages).

Bank's Role:

Provide staff to serve on THDA's board and advisory committees
Attend meetings and lend expertise to THDA staff

Incentives for Bank:

Community Involvement
Role in improving THDA's ability to serve the housing needs of Tennesseans